

## Ambuja Cements (ACEM) - SELL

### Company Update

Current Market Price (CMP) <b>Rs.467</b>	Fair Value <b>Rs.400</b>
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### Rationale:

- Sanghi plant visit: Scaling up gradually.
- The asset is running at 70%+ utilization in Q4FY26 on multiple measures to improve output and reduce downtime.
- Sanghi retains sizable expansion optionality, but a final decision is still some time away as ACEM works to achieve the optimal cost structure.
- Grand merger between Adani Group cement entities would simplify MSA distortions.
- Maintain SELL as we await delivery track record on earnings profile guidance & further details on capacity addition pipeline.

### 👍 Positives:

- The asset ramp-up in the past few quarters took time, as there was a complete overhaul done by the team.
- ACEM now expects the utilizations to improve further.
- Better utilization: Evacuation initiatives, ~2,500 tpd debottlenecking in the GU; & resolution of a few operational issues impacting downtime.

### 👎 Negatives:

- We expect limited immediate improvements in cost structure attributable to the merger.

(EPS: Earnings Per Share. Gu: Grinding units. MSA: Master Supply Agreements, Tdp: Tons Per Day)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
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- NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
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- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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